



United States Department of the Interior
BUREAU OF LAND MANAGEMENT
FILLMORE FIELD OFFICE

35 East 500 North
Fillmore, Utah 84631



In Reply Refer to:
3800
(U-010)
UTU-070615
UTU-070660
UTU-075877
UTU-075878
UTU-078293

S/0011035
S/0011057
S/023/083
S/027/024
*S/027/096
S/027/093
S/027/093
April 7, 2004

CERTIFIED MAIL #7003 2260 0005 6848 5486
RETURN RECEIPT REQUESTED

DAVE PENNEY
PENNEY'S GEMSTONES
PO BOX 312
BEAVER UT 84713

Dear Mr. Penney:

We have again received new guidance on calculating 43 CFR 3809 financial guarantees. Using this new guidance, we have recalculated five reclamation cost estimates and are sending them for your review. They are as follows:

1. UTU-070615	Rapunzel Project	\$1,000.00-S/023/083
2. UTU-070660	Little Spot	9,800.00-S/027/024
3. UTU-075877	Fantasyland	2,600.00-S/027/096-*
4. UTU-075878	Pretty in Pink	3,000.00-S/027/093
5. UTU-078293	White Tiger	1,800.00-S/027/093
		\$18,200.00

We have consulted with Ed Ginouves of the Cedar City Field Office, and Rita Stelmach of the Utah State Office, and have ascertained that \$26,000 of the total \$50,000 you submitted as a nationwide bond has been earmarked for the Cedar City Office. With your concurrence with the above amounts, another \$18,200 will be earmarked, leaving an excess of \$5800 in the financial guarantee.

Sincerely,

Jerry Mansfield
Geologist

Enclosures:
Reclamation Cost Estimates

cc: Tom Munson (w copies of RCE's), UDOGM (S/023/083, S/027/024, S/027/096, S/027/073, S/027/093)

RECEIVED

APR 12 2004

DIV. OF OIL, GAS & MINING

**Reclamation Cost Model
For Existing Notice Level Operations**

5/027/096
UTU-075877

Dozer Work				Earthwork
	Acres		Cost/Acre	
Light	0	Recontouring Cost	\$ 330.00	\$0.00
Moderate	0	Recontouring Cost	\$ 990.00	\$0.00
Heavy	0	Recontouring Cost	\$1,485.00	\$0.00
Excavator Work				
Roads with the side Slope,	Linear Feet		Cost/Linear Foot	
<30%	0	Recontouring Cost	\$ 1.50	\$0.00
>30%	0	Recontouring Cost	\$ 2.40	\$0.00
Areas of non-road disturbance where the use of dozer wouldn't be adequate.	Acres		Cost /Acre	
<30%	0.5	Recontouring Cost	\$3,000.00	\$1,500.00
>30%	0	Recontouring Cost	\$7,465.00	\$0.00
Revegetation				Revegetation
Non-Road disturbances with machine spreader	Acres		Cost/Acre	
	0	Revegetation Cost	\$ 600.00	\$0.00
Non-Road disturbances with manual spreading	0.5	Revegetation Cost	\$150.00	\$75.00
Road disturbances with machine spreader	Linear Feet		Cost/Linear Foot	
	0	Revegetation Cost	\$ 0.20	\$0.00
Road disturbances with manual spreader	0	Revegetation Cost	\$0.05	\$0.00
Mobilization				Mobilization
	No. Pieces of equipment		Cost/Piece	
	1	*Mobilization Cost	\$ 400.00	\$400.00
Total Labor Cost	\$ 861.13	Total Operating and Maintenance (O&M) Cost		\$1,975.00
		Contractor's Profit	10% O&M Cost	\$197.50
		Estimated Contract		\$2,172.50
		Contingency	10% O&M Cost	\$197.50
		Total Estimated Contract and Contingency		\$2,370.00
Administrative Fees				
		Contract Administratio	10% O&M Cost	\$197.50
		Indirect Costs	21% Administrative Cost	\$41.48
		**Engineering/Design	4% O&M Cost	\$0.00
		Insurance	1.5% Labor Cost	\$12.92
		***Bond Maintenance	3% Rec. Cost	\$0.00
*May be decreased for small efforts, or those close to sources of equipment				
**May be waived for small, uncomplicated reclamation efforts...				
For operations such as heap leaches the percent may need to be higher.				
* **Only Administered if Estimated Contract Costs over \$100,000.				
Total Administrative Cost				\$251.89
Bond Amount				\$2,621.89